

**Date: February 15, 2024**

**To,**  
**Department of Corporate Services,**  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai - 400001  
**Scrip Code: 543333**

**To,**  
**Listing Department,**  
**National Stock Exchange of India Limited**  
Exchange plaza, Plot No. C/1, G Block  
Bandra Kurla Complex, Bandra East,  
Mumbai – 400051  
**Scrip Symbol: CARTRADE**

**ISIN: INE290S01011****Ref: Regulation 30 read with Schedule III Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015****Sub: Transcript of the CarTrade Tech Limited Q3FY24 Earnings Conference Call held on February 08, 2024**

Dear Sir/ Madam,

With reference to our letter dated February 05, 2024 intimating about the Analyst / Investor Call with Analysts/Investors, please find enclosed the transcript of CarTrade Tech Limited Q3FY24 Earnings Conference Call held on February 08, 2024

The above information will also be available on the website of the Company:  
[www.cartradetech.com](http://www.cartradetech.com).

This is for your information &amp; record.

Thanking You.

*for CarTrade Tech Limited*

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**Lalbahadur Pal**  
**Company Secretary and Compliance officer**  
**Mem. No. A40812**

**Enclose: a/a****CarTrade Tech Limited**

Reg. Off. &amp; Corp. Off.: 12th Floor, Vishwaroop IT Park, Sector 30A, Vashi, Navi Mumbai 400705.

W: cartradetech.com | T: +91 22 6739 8888 | E: investor@cartrade.com | CIN: L74900MH2000PLC126237



“CarTrade Tech Limited  
Q3 FY 24 Earnings Conference Call”

February 08, 2024

Disclaimer: E&OE. This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on February 08 2024, will prevail.



**MANAGEMENT: MR. VINAY SANGHI – CHAIRMAN AND MANAGING  
DIRECTOR – CARTRADE TECH LIMITED  
MS. ANEESHA BHANDARY – EXECUTIVE DIRECTOR  
AND CHIEF FINANCIAL OFFICER – CARTRADE TECH  
LIMITED**

**Moderator:** Ladies and gentlemen, good day, and welcome to CarTrade Tech Limited Q3 FY'24 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as of the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vinay Sanghi, Chairman and Managing Director, CarTrade Tech Limited. Thank you, and over to you, sir.

**Vinay Sanghi:** Thank you, and good afternoon to everybody, and thank you for joining the Q3 Earnings Call. I want to now present the Q3 earnings data and details today. We've uploaded a presentation and if we can go straight over to slide five of the presentation itself, it talks about the key metrics. I want to first tell you that we're delighted that there were 48% growth in revenue and a 56% growth in profit of continuing businesses in the last quarter.

We are the number one automotive platform in India. We are number 1 used classified platform in India with OLX now, and the number 1 vehicle auction platform in India with Shriram AutoMall, all our 3 businesses. As you know, we have almost 70 million monthly active users, unique users per month across our platforms, including OLX, CarWale, BikeWale, etcetera, etcetera. OLX itself has more than 100 million downloads on a mobile phone in India.

We have 350-plus physical locations include all our AutoMall outlets, abSure outlets and OLX outlets as well. 90% of our 70 million users come organically, which means we have very low marketing cost. In fact, in OLX a large part of the users are app-driven, almost about 80%, 85% of our users come through an app. We have Shriram AutoMall auction at a rate of almost 1.4 million vehicles a year. Our net revenue is -- for the quarter is INR152 crores -- INR151.9 crores. Adjusted EBITDA is INR43.2 crores and profit from continuing operations after tax is INR22 crores.

As you know, we're also around INR720 crores cash balance and of course we are a debt free company. If you go to slide seven, which talks about the consolidated financials of the company, as you can see here, we have a 48% growth in revenue and a 35% growth in net revenue, which is INR151 crores, which is also -- and a growth of 32% growth of revenue from operations in the 9-month period. Our adjusted EBITDA is up 67% without or excluding other income and the adjusted EBITDA with other income is INR43 crores for the quarter, is also INR115 crores for 9 months versus INR85 crores last year, which is up by 36%.

The adjusted EBITDA, excluding other income, is up by 57%. So the operating metrics of the company has been very strong as a group. The profit without considering discontinuing operation, which is our transaction C2B business in OLX, but including our classified business

is up 33% for the quarter, which is at INR26.75 crores is the profit before tax. And the profit before tax for 9 months is up 81% at INR68 crores. The profit after tax for continuing businesses is up 56% to INR22 crores and 156% for the year. I just want to highlight the continuing operations, operation which are continuing as of 31st December, got a INR22 crores profit for the quarter -- profit after tax for the quarter October to December.

Of course, then there is the last pertaining to discontinuing businesses, which is the C2B transaction business which we acquired in August this year, which is total of INR63 crores for the 9-month period ended 31st December.

I just want to again highlight that the health of the continuing businesses is strong at a 22% -- or INR22 crores profit after tax. The other thing I want to highlight is on the EBITDA margin. If you look at the adjusted EBITDA margins without other income, it's up to 19% from 16% last year, 9 months.

So as I again said -- again say, the continuing business has been quite strong. When you look at the stand-alone results of the company of CarTrade Tech, as you can see here, the revenues up for 9 months is 22%. Revenue up for the quarter is 18% at INR49.4 crores. If we include other income, it is flat because other income is slightly down because of the money used in acquiring OLX itself. But over the 9-month period, the net revenue is up by 19%. If you look at the adjusted EBITDA excluding other income, it's up by 35% for the 9 months, showing the strength of the CarWale business.

And if you look at the EBITDA margin, excluding other income, it's up to 23% from 14% last year. And for 9 months period, 15% versus 14%. So the October-December, the margins have gone up to 23%. The profit after tax is up to INR9 crores. It's slightly down because of loss in other income due to the acquisition of OLX as a stand-alone basis. If you look at Slide number nine, which is the remarketing results, the remarketing -- it's been a tough quarter for the remarketing business as has been for the year before. It continues to be primarily because of the sluggish nature of the repossessed vehicle supply, as we've talked earlier.

In fact, the repossessed business itself has gone down from a contribution to now totally from last year same time, it's gone down from 53% of our business to 49% of our business. And our retail business has gone from 34% last year to 39%. So the contributions to the business are changing.

For this 9-month period, the revenue is down 6%, profit is down -- PAT is down 11% and the adjusted EBITDA is flat at INR26 crores for the 9-month period. If we look at the Sobek Auto results, the results are -- if you look at the quarter itself, the revenue is about -- for continuing operations is INR45 crores.

As you can see here, this is all the business we're continuing to the next quarter. So INR45 crores continuing. The adjusted EBITDA is INR12 crores and the profit for the business itself now is INR11.46 crores for the quarter. Discontinued business last, which is INR45 crores, which is a combination of the losses incurred in the business and a combination of the shutting

down cost incurred in the business -- but as I said on 1<sup>st</sup> January, what is going to continue is the INR45 crores revenue line item.

And of course, in this quarter, we expect that business to be profitable as well. If you look at the brand scores, CarWale -- is slide number 11. CarWale Google score tend to be strong still at 78, much higher than competitors. As is BikeWale, if you look at slide number 12, which shows the strength of OLX versus any of its competition and the brand of OLX as well.

This is what I wanted to highlight as part of the presentation. I'm happy now to answer any questions on the financials or any of the metrics of the company. Thank You.

**Moderator:** Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask questions will press star and 1 on their touchstone telephone. If you wish to remove yourself from question queue, you may press star and 2. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Vijit Jain from Citi. Please go ahead.

**Vijit Jain:** Good set of results, congratulations on that. I just wanted to quickly understand and I know you covered it a little in your opening remarks, but I'm not sure I got it. Where is the PDT costs currently sitting? And because when I look at what you reported in September versus now, it looks like some of these costs have maybe moved on the OLX side. So if you can just clarify where the PDT costs are sitting. And within this cost structure that you have in slide 11, barring that loss from discontinued operations is everything else pretty much how one should expect this business to see numbers going forward? Thankyou

**Vinay Sanghi:** I think very good question. We had indicated the PDT cost -- external PDT costs, which we incurred for transition of technology is about INR60 crores for the period till December. In fact, and this has to be INR60 crores till March. We've actually preponed the transaction of tech, and we did it 3 months early.

And therefore, this tech transition is completely finished now on 31st December. As on 1st January, we are completely operating in our own environment. And some of these costs are being established still. Of course, part of that entire tech cost on the last quarter and the period prior to that were incurred in both businesses, the Transaction business and the Classified businesses.

Both businesses carry their relevant tech costs, the Classified and the Tech. So the way the Tech costs are laid out in discontinuing operations and the Classified business, they carry the relevant cost pertaining to that business.

If you look at, I think next question, which is more pertinent to us, is the financials are INR44 crores and 11.46 is this likely with cost baked in or not? I think that is the question, if I'm not mistaken. This is more or less a reflection of the classified business. There will be, in this quarter some additional investment in cost and technology, etcetera which we're doing.

And it's possible that, that cost will be incurred in this quarter -- being incurred in this quarter. And also, it requires full normalization of tech cost, optimization of tech costs, it's still going on. But I don't answer about a short-term answer, but generally, this is going forward. I mean I would say, if not this quarter will be the next quarter, this would be the normal way to look at the finance of the company.

As I said, it may take 1, 2 quarters, but this is where we're lined up. The reflection of October, December will be a reflection of the company's financials going forward. As I said, may take a quarter to normalize and get to here.

**Vijit Jain:** I see. So basically, if I understand that right, what you're saying is about -- if I remember this right, it was supposed to be INR60 crores incurred over the course of 6 months, so INR10 crores a month. And that is essentially INR30 crores for the quarter of October to December that you might have incurred? Now those INR30 crores are currently split between loss from discontinued operations costs and in your costs above that and you could see further reductions.

**Vinay Sanghi:** We could see -- there's no actually, I think in this quarter 2, slightly higher to be honest, slightly higher. But it will normalize -- I mean, this will be normalization which will come to eventually. There's some work we have done transitionally. So that cost of INR30 crores is fixed. It is just fixed because it is outsourced to -- by us to -- in the transition process. Now it's internalized. So it is more variable. So it is possible that it may see little up now. But will normalize, it will come down and normalize then optimize.

**Vijit Jain:** And you would believe that this adjusted EBITDA number that you have, let's say, in 4Q on the INR446 crores of net revenue, or rather INR430 crores of revenue from operations -- sorry, INR43 crores, my mistake, INR12 crores, give or take a few depending on how much success you have in cutting those costs, you could go to maybe INR10 crores or INR8 crores or somewhere thereabout? So 20% margin.

**Vinay Sanghi:** It's hard to answer this quarter, but we will come to that definitely in a quarter or so -- definitely. That is the objective we have to optimize with that. That should be best -- that is correct.

**Vijit Jain:** Got it. And then just a follow-up question on the overall rest of the business. So if you can give your quick comments on both the retail and repo part of the remarketing business. And then on what you're seeing in the stand-alone CarWale, BikeWale business?

**Vinay Sanghi:** Really actually from the Shriram AutoMall repo and retail side, repo has been a real challenge for us. Actually, this is a reflection. Indian NBFCs and banks NPAs are under control. It's a reflection on that. And what's been good for them has hurt the supply which we get, and that's been hurting for 1.5 years as all of you can see the economy, the way it's been functioning and the economy how well it has done, especially for banks and NBFC with respect to NPAs as a concern.

It's a clear reflection of supply of repos you're getting. And it's hurt us, and I think over 1.5 years, we tried to mitigate that hurt by adding other segments and partly that has been in our

retail supplier vehicles. Retail continues to grow. In fact, it's up by 25%, 27% in this year, but it is -- the repo is still hurting. And just because Shriram AutoMall was very dependent on repos supply, it's been hurt because of that.

The fact that we managed and maintained numbers over the last 1.5 years is just because we have built another segment. So when repossession does come back and as banks give out more loans. And then we will be in a better place because we are building an alternate supply channel, which is growing. And as that continues to grow and repo comes back, I think Shriram AutoMall will be in far better position. But it's been a tough year, 1.5 years for them.

I think on the CarWale side, things have been, as you can see in the numbers in the growth, healthy, right? The used car side of CarWale has grown, the new car side has grown. The new vehicle side has grown. And actually, it's a reflection of partly further digitization of the automotive industry, but also the reflection of the robustness of the auto industry.

If you see new car sales, 2-wheeler sales, both have been up in 9 months and that volume increase plus further digitalization efforts of manufacturers and dealers, and I think the other part, which is actually little better than the industry, is supply constraints are not really there.

So the demand is strong for cars and 2-wheelers, but also supply has not been a constraint for manufacturers. There are some manufacturers with shortages, but generally product and supply is available, which is a good thing for companies like us, which depend on transaction and advertising revenue from manufacturers and dealers.

**Vijit Jain:** Got it. And if you or Aneesha could just give me the housekeeping numbers for the quarter, the split between new and used, and dealer and OEM that will be great.

**Vinay Sanghi:** In CarWale, I mean, the CarWale reads it at 84% is new, 16 is used, dealers 60 to 38 -- OEM is 62 and 38 is dealer for the quarter -- actually for 9 months. But the quarter, 9 months has not changed much, they are not much changed.

**Moderator:** The next question is from the line of Sachin Dixit from JM Financial. Please go ahead.

**Sachin Dixit:** Congrats on the result. Quickly coming to repossession basically on the remarketing piece, I understand you did talk about supply being slow and all. But if you look at the numbers that you have posted in Retail slides, it looks like the bankers listed for auctions have actually gone up recently over the quarter as well as Y-o-Y. It's just a conversion rate that seems to have dipped a bit?

**Vinay Sanghi:** Yes, that's true. There is a significant supply from and that's what reported from a couple of sources which didn't convert. One was from the flood kind of vehicles, which are couple of floods in India and the supply from there, which the conversion rates are very, very low. So it's looks really skewed for the quarter. But there were a couple of sources of supply, which are not really high conversion sources -- new sources. One of them was this whole flood situation in the South.

**Sachin Dixit:** Understood. So basically some of this onetime supply came that...

- Vinay Sanghi:** Exactly.
- Sachin Dixit:** Coming to that same question that Vijit also asked like breakup of that INR30-odd crores of product and tech , so if I recall correctly, last quarter, you mentioned that onetime cost of discontinued operation, obviously, of the transaction business is likely to be INR25 crores to INR30 crores. The number that we are seeing is roughly INR46 crores. So does it imply that you have...
- Vinay Sanghi:** Number is? Sorry.
- Sachin Dixit:** INR46 crores? Loss from discontinued operations?
- Vinay Sanghi:** That's not onetime, Sachin, what the 45 and -- there was roughly INR25 crores, INR30 crores one time shutting cost. But the 45 is all costs related to that business. It's not the shutting cost. That's just a loss...
- Sachin Dixit:** So basically onetime is the right, as you guided off roughly? Yes but you were saying that the other product and tech costs or any other costs that were involved for this business that are also passed in the INR46 crores.
- Vinay Sanghi:** And even the carry forward losses of that business, right? So the business was when we acquired from August 11, was a loss-making business. So there was a period of operations, which incurred a loss, which includes in that 45, there was also the onetime shutting cost in that and provisions related to that. So everything pertaining to discontinue that business -- and a tech cost pertaining to that as well. All of it is in that INR45 crores.
- Sachin Dixit:** Got it. Can you break down the tech costs, how much is here and how much is in the classified business P&L?
- Vinay Sanghi:** Aneesha, would it be fair to say that about INR15 crores is in 63, 71? Is that correct? PDT cost in transaction will be INR15 crores, right?
- Aneesha Bhandary:** Yes.
- Vinay Sanghi:** That's it.
- Sachin Dixit:** And going forward, this loss from discontinued operations should be 0, right? In the current quarter, 4Q. There should not be any of the credit forward?
- Vinay Sanghi:** No, no, not at all. Yes, the business is shut, so it's -- there are some transition, as I said, as I did tell to the other question that there are some costs -- or people management costs, which we retained because we believe the land value is classified business, which have come on to the OLX Classified business, but the continuing -- even that business is shut. So there's nothing to limit from there.
- Sachin Dixit:** Understood. And just one final question on basically the consumer business or the new auto business. So new auto, obviously, as we all know, the volume-wise, it's growing well, value



wise it's growing even faster. I know our numbers at 18% Y-o-Y growth do look good in isolation. But the industry seems to be doing much better.

And as far as my understanding is there's also some shift happening to digital advertising. So ideally, I would have hoped for a 20% to 25% odd growth in this business. What is happening -- is the new advertising that's coming to digital platform going to some other channels or some other methods that we are not a part of. I mean, our growth related to industry seems a bit low.

**Vinay Sanghi:** Well, 20%, 25% is normally what we feel and 22% for 9 months, 18% for the quarter, I wouldn't say it's gone to competition as such. It's just more -- I mean, I would say there's more quarter management and management from the previous quarter of this year, a quarter growth, but really the amounts or the numbers are pretty much in this range. Competition has not changed much, right? Honestly, because competition is still probably Google and Facebook. So not much has changed in this business to be honest.

**Sachin Dixit:** So I was thinking from the perspective of like there is a decent trend of video advertising happening or short format advertising happening. Is that taking some market share? Not your direct competition maybe, but something that's chipping away from digital advertising pie [inaudible]?

**Vinay Sanghi:** You see, what is happening is that when you look at video, it's mostly on OTT platforms or digital platforms like I don't know, maybe like sports advertising, which is -- cricket matches or other advertising is taking place on like Jio, or Hotstar etcetera, etcetera, or Sony Liv. So you find that is happening, but that's not really a competition of us. For us, it's more about -- the competition is not so much on advertisements on video, but mostly television.

It's mostly around -- because they're very performance-driven. For manufacturer, dealer advertising with us, they tend to calculate return on investment by cars sold, right? So competition tends to be more Google, Facebook than video or advertisements in OTT platforms.

**Sachin Dixit:** Sure, thank you

**Moderator:** Before we take the next question, a reminder to participants that you may press star and 1 to join the question queue. The next question is from the line of Siddhartha Bera from Nomura. Please go ahead.

**Siddhartha Bera:** Sir, again on the OLX, I just wanted to understand how has been the integration process. And you had indicated that we can look for some more synergies on the growth side when the platforms that consolidated. So some thoughts how you are looking at the growth from the current numbers which we are doing in the coming year?

**Vinay Sanghi:** Yes. We've actually -- the whole last 5 months was about after the acquisition was about stabilizing the classified business. But I think the biggest risks were 2 risks, right? One was the loss-making business, which we had to shut so that we arrest the losses in the loss-making business and then the classified side are profitable. And then it was the technology transfer and

traffic transfer from a global environment to our own control and our own environment, which took place in 31st December.

So really OLX the platform or the consumer platform or the back-end platform and the technology coming to our possession on January 1, which is about a month ago, and traffic stability happened, right? I mean, traffic is quite stable -- consumer traffic is quite stable on the new platform. So that are the first two risks and the first two tasks, which we had.

Now from here for us it will be, how do we go to the classified platform, the business which we are really excited about, and we continue to be excited about that, whether it's the automotive side or the nonautomotive side?

I think we are right now in the planning stage of execution so that we have a reasonable growth and definitely a margin growth in the OLX classified business. And the biggest synergies of costs are the automotive side, right?

The used vehicle side, whether it's the buyer and sellers business, the dealers listing, consumers buying or consumer selling and dealers buying, that's where a synergy exists for us, where we are trying to see that how along with CarWale, we can provide better value to our dealers and grow our revenues and of course, grow sales for dealers in India. That's the intent here. So that work is going on. And I think we should see a reasonable growth in the automotive and nonautomotive side of OLX.

**Siddhartha Bera:** Got it. Some sort of outlook, like can we grow in the -- like the trajectory which we have for the standalone business, similar trajectory can we expect for the next year from the current levels? Or do you think that may take longer depending upon the execution about in the business?

**Vinay Sanghi:** No. Is the question that, can we see a similar growth in OLX as in stand-alone -- is that the question?

**Siddhartha Bera:** Yes, yes, correct.

**Vinay Sanghi:** It's hard to compare and say it will grow at the level of stand-alone business. But the intent is to, of course, grow the automotive and non-automotive side both. And the intent is to grow margins along with that. I did discuss in the last call that one of our main objectives was to make discontinue the loss making business and get OLX to a profitable high-margin business. And that effort is still on to be honest.

**Siddhartha Bera:** Got it. Sir, on the SAMIL side now, any colour. I mean, we have now close to a year seeing decline in revenues for this business. Any thoughts or outlook about when can we start looking at growth according to your ground level understanding of this business?

**Vinay Sanghi:** We feel -- we actually thought the repossession fall has bottomed out, right? We actually thought that even 6 months ago. I want to say that it bottomed out now, the repossession fall. And therefore, all our growth in retail becomes growth, but the repo continues to fall. It shows

the strength of the economy itself. It's hard to predict the repo side will fall, it's still 48% of our business.

So it's hard to say it's completely stopped, right? I think -- but it's hard to predict to be honest. I would think that the volumes are now on the repo side should not fall further. And therefore, an increase in retail should be growth for us. But every time we think that the repossession models continue to fall. So it's hard to tell, but I would think it's probably bottomed out.

**Siddhartha Bera:** Okay. Okay. But will it be fair to say that this is a representative of the industry and not have...

**Vinay Sanghi:** No, absolutely representative -- you can see in the financial performance of the banks and NBFCs.

**Siddhartha Bera:** Okay. So no market share gain perspective from any players?

**Vinay Sanghi:** No. Not at all.

**Moderator:** Thank you. The next question is from the line of Ankit K, from Smart Sync. Please go ahead.

**Ankit K:** Congratulation on good set of numbers. Sir, my first question is related to the remarketing business. In your opening commentary, you alluded to the point the repo is now down from 53 to 49, and the retail has gone up from 34 to 39. I just wanted to know what is the balance? So 49 in repo, 39 in retail what is the balance?

**Vinay Sanghi:** I again repeat. Repo is 48%. Retail is 39%.

**Ankit K:** Okay. But there is still 25%, 30% odd.

**Vinay Sanghi:** Yes, that's a long tail, the other corporates and other sellers. I mean, that's a long tail.

**Ankit K:** Okay. So you don't have any growth there from that side. You're focusing only on retail...

**Vinay Sanghi:** No there is growth. I think what I was trying to say the repo, the 48% has been falling over a period of 1.5 years. The retail is something which has rapidly grown. This is in percentage- to our volume. It is not a growth percentage. This is really -- suppose we sold 100% of our revenue is 100%, 48% comes from repo, 39% comes from retail. And that adjustment is taking place is what we are saying.

**Ankit K:** Okay. And is it fair to say that probably only when the auto finance companies start showing up NPA, we will see repo volume go...

**Vinay Sanghi:** That's exactly the point.

**Ankit K:** Okay. One last question related to the mix, which you mentioned, the new is 84% and old is 16% and OEM 62% and dealers is 38%. I'm talking about a percentage of revenue. So how do you see this going forward given that we have now have OLX in our scheme of things? So how do you see the percentage moving in the next 2, 3 years? I know you can't give an exact number, but directionally, how do you feel?

- Vinay Sanghi:** We feel, over time, it's logical that the dealer share should grow. The 62%, 38% should probably change and the dealer business should go faster is what we feel. I mean, that's just because if you see the history of digital advertising, it starts with the bigger manufacturers and then flows down to fragmented dealerships. So logically, over the next 2, 3 years, the share of dealers will grow faster than the share of OEMs.
- Ankit K:** And in terms of new and old? 84% is new today and old is 16%.
- Vinay Sanghi:** I think because we've now acquired OLX 100% used, it's possible this may -- CarWale will remain mostly new. I think that probably will get factored in OLX's results and may remain similar.
- Moderator:** Before we take the next question, a reminder to participants that you may press star and 1 to join the question queue. The next question is from Pankaj from Affluent Assets. Please go ahead.
- Pankaj:** Sir, this quarter, we have reported losses from the discontinued operations. So in the discontinued -- is the operation completely discontinued and closed down? Or do we have any negative loss or any negative loss or any negative news coming from that end?
- Vinay Sanghi:** No, the C2B transaction business is discontinued completely.
- Pankaj:** Closed down completely?
- Vinay Sanghi:** Yes.
- Pankaj:** So what are the growth mix for us going forward, do we expect to see this INR20 crores per quarter, bottom line next year onwards? Or do we have any more room for growing for the bottom line.
- Vinay Sanghi:** I think there are two parts. One is that the profit for the last quarter after discounting operations is INR21 crores to INR22 crores. That is at the current level of revenue and the current level of performance. Obviously, if our revenue grows next year or as the revenue grows, we do expect the profitability to grow as well.
- Pankaj:** Sir, do we have any operating leverage playing out here?
- Vinay Sanghi:** We have a lot of operating leverage. Because see our two main costs are people costs and marketing costs. Our marketing costs are not growing with the revenues and our people cost go in proportion to our revenues. So as our revenues grow, and actually, our profitability grows at a much faster rate. As you can see in the last 3, 4 years, our margin are continuously improving.
- Pankaj:** So what are our internal targets? Where do we need -- where do you want to take this company to? What are targets for top line, bottom line in FY '25, '26 or so.
- Vinay Sanghi:** So we don't give guidance, but if you see our consolidated results, and you see our adjusted EBITDA -- or profit -- EBITDA without or excluding all our interest of treasury income, it is

22% in the quarter, right? Last quarter. That is -- and for 9 months, it's 19% versus 16% the previous 9 month -- last year.

**Pankaj:** I got that. That is history.

**Vinay Sanghi:** Obviously, our intent is companies which are really good tech marketplace kind of companies, over a long period of time, you want to get about 30%, 35% margin, right? And we are in that direction and increase revenues to keep improving our margins. That's the intent. But I think that 30%, 35% will take us time. But eventually, our goal would be to keep improving our margins.

**Pankaj:** Any sales target for next year?

**Vinay Sanghi:** Of course, internally have made budgets and targets, but we don't go out and give guidance at this point. But we have, of course, internally have targets and objectives on profitability and revenues.

**Moderator:** Next question is from the line of Vikas Kasturi from Focus Capital. Please go ahead.

**Vikas Kasturi:** I had a couple of questions. So one is on -- in the presentation, I saw this brand Drive A Smile. Is this same as abSure?

**Vinay Sanghi:** No, it's not. Drive A Smile is our section or part of our CarTrade foundation, where we help people in medical, education needs within the mobility ecosystem. So it's really our initiative -- CSR initiatives within the group, which helps out the needy within the automotive industry -- or the mobility industry.

**Vikas Kasturi:** Got it. My next question is, sir, I was just looking at the OLX acquisition and at that time, sometime in August, September, you had put out a presentation, and in it you have given the breakup of both OLX and at that time, they had that used car business. And I think you paid around INR560 crores -- and when I look at the OLX, the profit number that you have shown, which is about INR111 crores. So it comes to something like 5x earnings. Is that correct, sir?

**Vinay Sanghi:** What we had said is we had acquired the company INR520-odd crores. And the OLX classified business had a profit of INR111 crores that time what we had declared and the OLX transaction business had a loss of INR100 crores, if you remember. This was before tech costs were factored in and what we had showed clearly there.

And therefore, we added the tech costs, the profitability which was INR11 crores net would come down. So we -- obviously, we've felt that the loss-making business, which does INR100 crores a year, something we could not possibly turn around or manage.

So, we shut it down, and what was left with the Classified business which was showing INR111 crores, and there were tech costs allocated to that, which is what we've done now. And therefore, you see in this quarter, the continuing businesses which is INR11 crores or INR11.46 crores profit.

- Vikas Kasturi:** Yes. Yes. Okay. And sir, on this tech cost, you had also said that it is kind of -- it will taper down at the end of December and from January onwards it will not be there. So how much of that would reduce, sir? So you had shown INR111 crores for OLX, and that is the only continue -- the Classified business. That is the only continuing piece. And from January onwards that tech cost is also not there. So what would...
- Vinay Sanghi:** The 111 was before any tech costs, we had indicated that the tech costs are likely to be INR30 crores for the quarter with INR10 crores per month. Over and above this, which is, of course, what is showing -- which is what is showing in the continuing business as well as the discontinued business equally. What we are now saying is that the car tech cost being born just by the Classified piece is already born, and it may optimize over the next 1 or 2 quarters because it's moved to our own environment. And for that it requires a lot of optimization on cost from our side. But INR11 crores -- but what you see in the Classified business now, the continued business is a reflection of what is carried on 1st January.
- Vikas Kasturi:** Okay. Got it, sir. Sir, just changing gears a little bit. And is there any plan? I remember speaking to your management about 2 years ago, when you had just IPO'ed. And at that time, one of the thought processes was that at some point, you would want to integrate your online auction and your off-line auction business. You have a CarTrade exchange and you have SAMIL and there would be some sort of an integration between those 2 pieces. Is that still on the card, sir?
- Vinay Sanghi:** Yes. CarTrade exchange is 100% subsidiary of Shriram AutoMall. Methodology there is integrated, which is Shriram AutoMall provides physical facilities, which is the AutoMall -- 130 AutoMall across the country, etcetera, etcetera. And Shriram AutoMall does hybrid off physically keeping vehicle and doing online sale. So it is pretty much integrated, yes.
- Vikas Kasturi:** Okay. Okay. Got it, sir. And one last question, sir. Any -- is this kind of your model? I mean I think you own about 55% of Shriram AutoMall. I think the rest is with the Shriram Group. Is that going to be the end state? Or is that also likely to change with you acquiring more percentage?
- Vinay Sanghi:** That is the current state, there's no intent to do anything else. That's the current state. Shriram Finance added lot of value to the Shriram AutoMall. It is also a big supplier to Shriram AutoMall plus they've got a fantastic experience and foothold in the whole commercial vehicle market. And on top of that, they are one of India's leading automotive financials. So they add tremendous strategic value and a great partner to have, and intend is -- this is what the current state is, yes.
- Moderator:** The next question is from Sachin Dixit from JM Financial.
- Sachin Dixit:** I just had one follow-up question. In OLX business, we don't see any tax expenses there. Are those likely to come in the coming quarters or...
- Vinay Sanghi:** It may not be split, but of course...
- Aneesha Bhandary:** Sachin, is your question about tax expense?

- Sachin Dixit:** Yes. There is no tax in OLX. So I'm just wondering, will it come in the future.
- Vinay Sanghi:** I think the carry forward losses, right? Aneesha? If I'm not mistaken.
- Aneesha Bhandary:** Sachin, for this financial year as a legal entity, they do have losses, so there's no tax expense. And for whatever tax expense or for losses that will be recorded in this year, we will not land up paying tax in the next year. All brought forward taxes we have lost because of the change in shareholding on account of the acquisition. Is that clear Sachin? Or you would be...
- Sachin Dixit:** So basically until we run out of the current losses, which is roughly INR63 crores of losses, we don't end up paying any taxes. Is that right?
- Aneesha Bhandary:** That's right.
- Moderator:** Next question is from Ankit K from Smart Sync. Please go ahead.
- Ankit K:** My question is related to the cash which you had on our books right now, which is close to INR700 crores and as we have been seeing -- ever since we got listed ones, our businesses predominantly asset-light and doesn't require much cash.
- And we have also done a good acquisition where we have used around INR500 crores, but still we have INR700 crores of cash left, so do we have more acquisition plan? Or do we -- are we thinking on buyback route? Because given the kind of growth which we are seeing over the next 1 year, 2 year probably the -- it is not priced in today's market data. Any thoughts on that.
- Vinay Sanghi:** Yes. We do have INR700-odd crores cash in the parent as well as in subsidiary. We intend and also we feel confident that we will -- with the company has been profitable and generating cash, we continue to generate cash over 1, 2, 3 years. The obvious answer would be that we are, of course, looking at related M&A and investments. We're a company which has been very strong with M&A and made successes on the M&A we have done and grown the company and its revenue and its profitability through M&A.
- So obviously, we are continuously on the lookout for adjacencies or synergistic businesses that we can make a difference, which add value to our consumers and users. So that is obviously an exercise for the company. I mean of course, we don't find any use of this cash for M&A or investments, and we continue to generate cash, the idea would be at appropriate time to buy back, or so will get return it back to the shareholders That would be the intent.
- Ankit K:** Last question. This is a follow-up to the Vikas's question where you answered. If I got it correctly, so is it fair to assume that the OLX business now, which you have -- the business which you have that INR111 crores profit, minus -- cost, which is going to continue to reduce over a few of time, right?
- Vinay Sanghi:** No, what I told, Vikas was that the continuing business is absolutely correct. It's a business which is INR45 crores revenue and INR11.4 crores is profit. To get to INR11.4 crores, already has some tech costs in it. In fact, I answered to say that the tech cost may slightly go up in this quarter, but will come down to these levels in a quarter or two.

So it is and make up not any further after that. But our intent is to keep optimizing tech costs because the infrastructure costs, server usage costs, multiple other costs, which we're still getting a hang off and it will move from a global environment to our own environment. So it is still a little bit of work in progress. But the continuing businesses is this INR45 crores and INR11.4 crores. It may, as I said, the cost might get slightly in this quarter, but they will eventually normalize to these levels is what I said.

**Moderator:** The next question is from the line of Palak from MIV Investment Management. Please go ahead.

**Palak:** So, I missed one of the previous question regarding the tech cost in the Classified business. So can you please explain the cost for the Classified business? And in which line item it is included? Is it a part of other expense?

**Vinay Sanghi:** Sure. I'll explain the cost and Aneesha can explain the line items. But what I said earlier is that the tech costs in the last quarter has been factored in the continuing business in the classified business as well as divided in the discontinuing business. The total particular the tech costs incurred in the entire period of 5 months has been divided equally between the Classified business and transaction business.

The Classified business, which is the continuing business is got the tech costs already included pertaining to it. We think that these costs will continue from Jan to March onwards, they have a slight escalation in this quarter till they fully normalized, but eventually come back to this level. Aneesha, you want to explain where it is factored, these tech cost in financials?

**Aneesha Bhandary:** As you rightly said it, for the CLA business, it's included in the other expenses that we disclosed in the deck. And the discontinuing of business is all the part of the INR45 crores or INR18 crores that they see as a single line item.

**Moderator:** Thank you very much. We'll take that as the last question. I would now like to hand the conference back to the management team for closing comments.

**Vinay Sanghi:** I want to thank all of you for joining in the call today. And we'll -- as time goes on, we continue to have conversations with all of you. Thank you once again for joining and take care and all the best. Thank you.

**Moderator:** Thank you very much. On behalf of CarTrade Tech Limited that concludes the conference. Thank you for joining us. Ladies and gentlemen, you may now disconnect your lines.